

**Testimony on Solutions for Financial Challenges in
Adult Residential Care
House Human Services Committee
March 17, 2025
SB 2271**

Chairman Ruby and members of the House Human Services Committee. My name is Nikki Wegner, President of the North Dakota Long Term Care Association. I represent 12 of North Dakota's 20 adult residential facilities, formerly called specialized basic care. Thank you for the opportunity to testify in support of the second engrossed SB 2271. While the bill may make these facilities appear new, they have actually existed for over 20 years but were never formally recognized in state code until now. As a result, they have often been overlooked in rate enhancements resulting in compounding shortfalls.

Adult residential facilities play a vital role in the care continuum, providing specialized support for individuals with dementia and acquired brain injuries in a cost-effective setting with trained staff. We urge your support for the proposed solution in this bill to address funding disparities and ensure their sustainability.

These facilities provide 24-hour support for individuals with chronic moderate to severe memory loss or significant emotional, behavioral, or cognitive impairments. Services include assistance with:

- **Activities of Daily Living:** Tasks like toileting, dressing, and bathing.
- **Instrumental Activities of Daily Living:** Managing finances, medications, and transportation.
- **Enrichment Activities:** Therapeutic, social, and recreational programming to enhance quality of life.

To qualify for adult residential care, individuals must screen in need for skilled nursing care. Adult Residential care is a cost-effective alternative to placement in a nursing facility, where the cost of care would be significantly higher. The average cost to Medicaid for an individual in nursing facility care is **\$135,686** per year versus **\$29,333** per individual per year in adult residential. By providing a structured yet less

intensive medical environment, adult residential care not only reduces financial burdens but also fosters the individual's independence and quality of life. It is specifically designed to maintain or improve the recipient's functional abilities while ensuring their unique medical, emotional, and social needs are met. This being said, the \$29,333 is not adequate to provide the complex care that these individuals require.

Financial Challenges and Proposed Solutions

Adult residential facilities have long faced financial disparities due to historical rate compression, rising operational costs, and limited opportunities to invest in their services. In the slide below, shared by ND Department of Health and Human Services, you can see the disparity between the adult residential program versus other similar services that provide complex care for individuals who screen in need for nursing facility level of care.

Cost driver #1

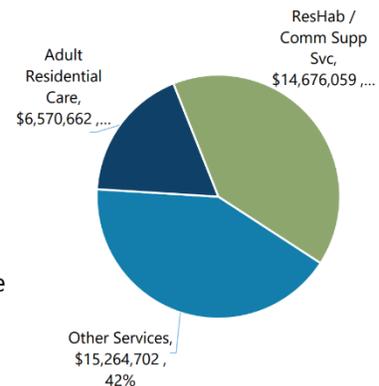
24-hour delivery of complex cares

Adult Residential Care

- 24-hour residential services for individual with memory impairment or traumatic brain injury.
- Individuals have a daily need for a safe supervised structured environment, personal care, and medication supports.
- In SFY 24 **29%** (224) **of waiver participants** were enrolled in this service.
- Average cost per person per year = **\$29,333**

Residential Habilitation and Community Support Svcs

- Up to 24-hour all inclusive supports for individuals who meet a nursing facility level of care and require daily services.
- Service requires providers to have a nurse and a care coordinator with a minimum of a 4-year degree.
- In SFY 24 **16%** (121) of waiver participants are enrolled in this service.
- Average cost per person per year = **\$121,290**



16% of waiver participants account for 40% of the cost of care

Second engrossed SB 2271 offers a solution to help stabilize and strengthen this essential care model:

1. Reimburse to Current Costs Starting January 1, 2026

The department shall require adult residential facilities to submit cost reports and supplemental information by October 31, 2025, which the department shall use to pay the facilities their current costs beginning January 1, 2026.

2. Rate Recalculation for July 1, 2027 Implementation

The department shall require adult residential facilities to submit cost reports and supplemental information by December 31, 2026, which the department shall use to provide a rate recalculation beginning July 1, 2027.

Closing

This proposal provides a thoughtful approach to addressing the financial disparities in adult residential care. By aligning rates with real costs and rate recalculation, we can ensure that these facilities remain a viable and sustainable option for North Dakotans who are in need of this level of care when they are living with dementia or acquired brain injury.

Chairman Ruby and members of the committee, I urge you to support this proposal to safeguard the future of adult residential care in North Dakota and ensure these providers can continue serving their communities effectively. Thank you for your time and consideration, and I am happy to answer any questions.

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ADULT RESIDENTIAL

24 hr care for those living with dementia and brain injury

SB 2271 Sponsors

Introduced by Sen. Cleary, Rep. Beltz, Sen. Dever, Rep. Ista, Sen. Lee, Rep. McLeod



THE PROBLEM

- Adult Residential Care (ARC) facilities are **losing** an average of **\$45.77** per Medicaid resident per day due to outdated rates.
- Some of these rates were set over 20 years ago and have only been recalculated once (2019).
- Facilities are having to make tough decisions to not take Medicaid residents, and more may follow.

THE AVERAGE COST PER INDIVIDUAL PER YEAR COMPARISON

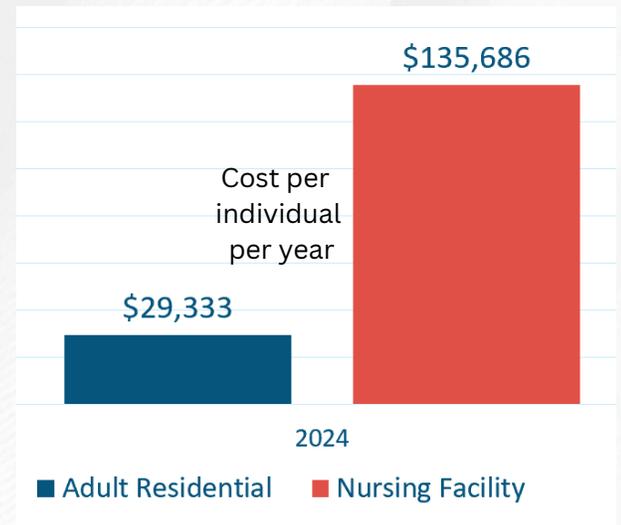
All individuals in the Adult Residential Care setting meet the criteria for nursing facility care but select this alternative model of care at a fraction of the cost of nursing facility care. Care in a NF is over \$106,000 more annually.

WHY IT MATTERS

- Adult Residential Care (ARC) provides 24-hour support for individuals with dementia and brain injuries in a home-like setting at a much lower cost than a nursing facility (NF) and other complex care programs.
- Without additional funding, Medicaid residents may lose access, causing them to have to move into higher-cost care options.

THE SOLUTION – SB 2271

- Provides necessary funding for dementia and brain injury facilities that provide care to the Medicaid population.
- **State General Fund Impact \$1,700,000**
- Saves taxpayer dollars – Keeping residents in ARC saves \$106,000 per person annually vs. NF care.
- Prevents facility closures – Ensures Medicaid residents continue to have access to care.
- Supports a proven care model – ARC has provided quality, cost-effective care for over 25 years.



We ask for your support on SB 2271 to keep care affordable, accessible, and sustainable for those with dementia or a head injury.

QUESTIONS?

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PLEASE SUPPORT SB 2271

ADULT RESIDENTIAL

Specialized Basic Care

Licensed as Basic Care and funded through the HCBS Waiver, these providers support individuals who screen in need of skilled nursing care and who are living with dementia or brain injuries.



Brain Injury Care

HI Soaring Eagle Ranch
HIT Inc, Dakota Pointe

Valley City
Mandan

Licensed beds

10
10

Memory Care

CountryHouse
Edgewood Dominion
Edgewood Fargo
Edgewood Grand Forks
Edgewood Jamestown
Edgewood Mandan
Edgewood Minot Senior Living
Edgewood Village Bismarck
Evergreens of Fargo
Fargo Maplevue
Lakewood Landing
Maple View Grand Forks
Maple View Memory Care
Maple View Bismarck
New Perspective
Roseadele
Touchmark Bismarck
Touchmark Fargo

Dickinson
Bismarck
Fargo
Grand Forks
Jamestown
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Private Pay Only

Private Pay Only
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20 FACILITIES
621 BEDS